

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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Amb. Rockwell
Reviewed by [Signature] 13, 78

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Afghanistan:

Ali Ahmad Khurram, Minister of Planning
Dr. Abdul Kayum, Minister of Education
Abdul Tawab Asefi, Minister of Mines and Industries
Dr. Abdullah Omar, Minister of Public Health
Waheed Abdullah, Deputy Minister of Foreign Affairs
Abdul Samad Ghaus, Director General for Political
Affairs, Ministry of Foreign Affairs

United States:

Dr. Henry A. Kissinger, Secretary of State
Amb. Theodore L. Eliot, Jr., Ambassador to
Afghanistan
Alfred L. Atherton, Jr., Assistant Secretary of State
for Near Eastern and South Asian Affairs
Vincent W. Brown, AID Director for Afghanistan
Peter W. Rodman, NSC Staff *PWR*

DATE AND TIME:

Sunday, August 8, 1976
3:30 - 4:05 p.m.

PLACE:

Ministry of Foreign Affairs
Kabul, Afghanistan

Abdullah: My greetings to Mr. Secretary, Mr. Ambassador, and
Mr. Atherton. It's a great pleasure to have you here. I would like to
welcome you to the two sides' discussion of future United States assis-
tance to our economic development.

It's a great pleasure to have you for the second time in Kabul, and
I hope it won't be the last time. So I turn you over to our Minister of
Planning. Before I do so, it looks like a de facto Joint Commission
Session. [Laughter].

Kissinger: That's what it looks like!

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Khurram: With Your Excellency's permission, I will go directly to some of the projects. When we discussed all of our problems in the United States, we didn't know what the principles would be.

We discussed in Washington the construction of a new engineering faculty [of Kabul University] based on our present requirements, and also strengthening our engineering faculty.

Also the strengthening of our agricultural faculty.

The establishment of a training institute and a rural development program.

And also we discussed questions of the agricultural sector -- the transmission line between Kajakai to Kabul, and strengthening of the Kajakai power from 32 megawatts to 150 megawatts.

And extension of power capacity in Girishk and Kandahar.

I have this letter I received from Mr. Parker. [He hands to Secretary Kissinger an excerpt from an AID cable. The Secretary reads it. He shows it to Mr. Atherton.]

Kissinger: I don't even understand half of what this thing says. You'll have a lot of study teams here. First, a sector study, then a field study.

Khurram: I was going to say that we've done our studies. If someone could sit with us, we could explain our requirements. We know our requirements..

Kissinger: We have an unemployment problem among assistant professors. [Laughter].

Khurram: In the agriculture sector too, we've had studies done by the World Bank and the Asian Bank. The World Bank one is the more recent one. There is no need to go and do further studies.

I agree with this approach for the future but not for now. For future long-term planning.

Kissinger: Who prepared this cable?

[REDACTED]

[REDACTED]

Eliot: AID. These are excerpts from a telegram.

Brown: There are World Bank studies but they are very general.

Khurram: This is an unfinished symphony. It was started with the help of the United States. When John Hannah came, we took a trip to the Helmand Valley. We were spending \$50 million on the Khandahar project and we needed only \$4 million more to finish the power line. Which has since increased to \$8 million. I thought the United States should finish it and get the credit; why have someone else come in and do it? The location for the third turbine is already there. All the rest has been done. We won't spend more than \$6 million. But to go from 32 megawatts to 150 megawatts would make us a big difference. We request the United States to help us finish.

When I was a student in the United States, there was a saying: The tail of an elephant always goes with the head.

Then there are new projects we had in mind, counting on the assistance of our friends:

A 500-bed hospital. My friend, the Minister of Public Health, will explain this. We are already getting help for rural health. But to maintain a balance between the minor projects and visible projects, so people see it was done by the United States, we want to do this. It will benefit the poor.

[Secretary Kissinger confers with Brown]

Dr. Omar: The aim of this project isn't just to cure people, but referral, to help build an infrastructure. It will be used as the center of training for specialized doctors. The subject of training is crucial for us, because our doctors have only come out of the faculty of medicine. They have no other experience.

Eliot: On the engineering faculty paper, do I understand you have no problems with that part?

Kissinger: He's against a study there too.

Eliot: But we can send someone out here to sit with you. But we didn't know you had a study.

Khurram: You didn't ask me!

[REDACTED]

Kissinger: Then they couldn't send somebody out! [Laughter]

Eliot: We may still want to send one person.

Khurram: Next is minor-scale irrigation projects. There were no differences between us; the only question was semi-skilled personnel. In these and other rural development projects, we found the solution would be to create an institute for training semi-skilled, junior technicians. We need these intermediate people, not just engineers.

Mr. Naim mentioned we needed some training center for short-run training of these intermediate personnel.

On this we had no problems.

Next is expansion of the present traditional assistance -- primary schools, health centers. What we're getting now.

Next is diamonds and phosphate. We couldn't find a solution for this -- Ambassador and Mr. Brown -- except an institute.

Kissinger: How do you answer the argument I get from my colleagues that you can't pay for it?

Khurram: I can't answer it.

The last item is the construction of a steel factory in Afghanistan. My colleague, the Minister of Mines and Industry, can discuss it.

From the first five-year plan until now, we're importing all our equipment from outside. We have depended a lot on foreign equipment. We are going to construct a steel plant here, with the good raw material which we have -- a proven reserve of 2 billion tons of iron ore; its iron content is .64, which is among the highest in the world, but we can't use it. So, with the railway line and existing iron ore, we would like to build a steel plant. We'd like your assistance either directly or with your support in the World Bank.

Abdullah: On a consortium basis.

[REDACTED]

Khurram: We've discussed it with the World Bank.

Minister Asefi: The iron deposit here is one of the richest of its kind. It's more than 2 billion tons. It is out in the open; it can be opened by open pit mining, which doesn't require much expenditure.

Kissinger: You don't have environmentalists in Afghanistan.

Minister Asefi: The only problem is transportation. We're working on the railway project and that opens the way to markets. Iran, Pakistan, and the Soviet Union can be our markets.

Abdullah: And the Gulf area.

Minister Asefi: The deposits are good quality and don't need any additives. Nature has made it such. We hope we can achieve this by a consortium. It will require a lot of financing. We hope the international agencies like World Bank can help.

This will benefit not only Afghanistan but other countries in this area.

Khurram: One other project: improvement of agricultural land. This is the second phase of the Helmand Valley project.

There is one more: Construction of a new faculty for O & M -- organization and management. We haven't any of this now.

Brown: The University of Nebraska has been studying it.

Minister Asefi: About management, our studies have shown that one of the keys to the success of our projects is management. We hope we can create a school to train managers--industrial managers, production managers. This is the biggest problem we face. This management school can play a key role in the future of our country.

Kissinger: We have two problems. One is a United States problem; the other is a U.S.-Afghanistan problem. The U.S. problem is that the growth of bureaucracy is such that we produce so many studies, and nothing gets done. When Mr. Naim was in Washington, the President and I decided there would be some projects in Afghanistan, and there will be. The question is which ones. As for your faculty projects, I can't tell whether someone should look at it but we'll move it. It shouldn't take time.

[REDACTED]

As for management, I can't see why it's a dispute.

Brown: In Washington they'll say it's too indirect. To train managers. But as a developer, I'm in favor.

Kissinger: We are able to do something about the transmission lines to Kandahar city. The others, I can see you've brought to my attention.

Brown: And we can help with Kandahar distribution.

Kissinger: Phosphate--I'll have to take a look at it.

I'm told you have enough money from OPEC to do it. [Laughter]
Does OPEC give you assistance?

Abdullah: In principle, yes; they're creating a fund for developing countries. These are always on paper; what is done is different.

Brown: Afghan foreign exchange resources went up \$40 million last year. The Afghani is in a strong position. And our view is that straight commodity imports could best be handled out of their own resources.

Khurram: We have reserves of foreign exchange, but there are plenty of other areas that we need to use this for. I don't agree with that proposal.

Kissinger: On the number of these things which I don't know anything about, I'll have to look into it. I'll get you an answer by the end of the month. I can't guarantee that all the answers by the end of the month. I can't guarantee that all the answers will be positive, but at least you'll get a clear-cut answer, and a rationale.

Khurram: On all items, or three?

Kissinger: All of them.

On the hospital, etc., some of the arguments have to do with the interpretation of our legislation. I'll send you an answer -- a paragraph on each -- by the end of the month.

Khurram: I've discussed all these before.

[REDACTED]

[REDACTED]

Kissinger: It will be a clear-cut answer, I promise you.

Khurram: I thank you.

Kissinger: If I have any qualification for this job, it's the ability to terrorize bureaucrats. [Laughter]

By September 1, give or take one or two days.

Brown: We appreciate your help, Mr. Secretary.

Kissinger: I testify my heart out for you guys.

Brown: I know, I've read it.

Eliot: We'll send you [Atherton] a summary by the end of this week. How's our joint statement?

Abdullah: No problem.

Minister Asefi: If I could ask oneother thing that makes news this week -- the question of satellites.

Kissinger: Why not? We've offered it to a number of countries.

Minister Asefi: For minerals.

Kissinger: I know, earth resources survey satellites.

Minister Asefi: For oil.

Kissinger: Oil? All we need is an Afghan in OPEC! [Laughter]

Brown: The problem we had before was they would not allow teams to go out to the country to do site inspection. The cartographic people wouldn't let them go out to do on-site mapping to verify the satellite photos. If there is a change in the policy, we can certainly look at it.

On ERTS, could we also look at the agriculture sector? These maps can be very helpful in agriculture.

[REDACTED]

Abdullah: We'll have to discuss it ourselves.

Khurram: I thank you for your participation.

Kissinger: We want to help with your development. I told Mr. Naim in Washington that we wanted to help with visibility projects. What we need is a high-visible bureaucrat who will do it. It won't be the whole list, but it will be more than the bureaucratic list. What it will be, I can't say.

Kharram: A "why" that is from your legislation, I can't answer. But any other "why," I will answer.

Kissinger: You don't want the study projects to delay it.

[The meeting ended.]